AroCell AB (publ)

Interim report, 1 January – 30 June 2016

- *Net sales were TSEK 0 (0)*
- *Loss after financial items was TSEK -4,804 (-4,046)*
- *Earnings per share where SEK -0.17 (-0.17)*
- *Cash flow from operating activities was TSEK –2,501 (-3,793)*

Reporting period, 1 April – 30 June 2016

- *Net sales were TSEK 0 (0)*
- *Loss after financial items was TSEK -1,962 (-1,644)*
- *Cash flow from operating activities was TSEK -1,229 (-530)*
- *Christine Tadgell elected to the board of directors*
- *Collaboration agreement signed and clinical study initiated at the Stockholm South General Hospital regarding follow-up of prostate cancer patients with TK 210 ELISA test*
- *Collaboration agreement signed and clinical study initiated at the University Hospital of Helsinki regarding follow-up of sarcoma patients with TK 210 ELISA test*
- *Martin Shaw appointed as Business Development Manager*
- *New patent confirmed which strengthens the AroCell patent portfolio*
- *AroCell listed on Nasdaq First North on June 30*

About AroCell
AroCell AB (publ) is a Swedish company that develops standardized modern blood tests to support the prognosis and follow up of cancer patients. AroCell's new technology is based on patented methods to measure TK1 protein levels, which provide valuable information about the speed of cell turnover. A tumor has high cell turnover (speed of cell division and cell death) and as a result TK1 can be detected in the blood with a simple laboratory test, called TK 210 ELISA. The test provides valuable clinical information for prognosis and optimization of treatment strategy. The test may also be used for monitoring disease relapse. AroCell (AROC) is listed at Nasdaq First North and has about 2,700 shareholders. For more information, please see www.arocell.com.

This information is information that AroCell is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through Jan Stålemark, at 08:45 on 25 August 2016. Redeye AB is AroCell:s Certified Adviser.

Significant events during the reporting period

- Christine Tadgell elected to the board of directors. Christine is VP, General Manager, Commercial Division at inVentiv Health.

- The collaboration agreement was signed with the Stockholm South General Hospital for the clinical study on patients with prostate cancer which will be evaluated from diagnosis through treatment and follow-up with the TK 210 ELISA test. The study is estimated to take two years.

- The collaboration agreement was signed with the University Hospital of Helsinki approved clinical study regarding sarcoma cancer patients. The patients will be evaluated with the TK 210 ELISA test. The study is estimated to take two years.

- Martin Shaw appointed as Business Development Manager to the management team. Martin Shaw has over 40 years' experience in the development and introduction of novel biomarker assays, to the pharmaceutical, biotechnology and laboratory medicine industries.

- The European Patent Office has confirmed the grant of a patent to AroCell regarding an invention relating to exposed thymidine kinase 1 (TK1) derived peptides, ligands and methods employing these.

- AroCell listed on Nasdaq First North on June 30.

Significant events after the reporting period

- Abstract on performance improvement on TK 210 ELISA accepted by ISOBM for an oral presentation by Kiran Jagarlamudi, Clinical Research Manager at AroCell. The presentation will take place on the 4th of September in Chicago.

Comments from Jan Stålemark, CEO of AroCell

We continue to follow the plan we have communicated earlier. The main focus is to establish clinical evidence for our product TK 210 ELISA and to continue to improve the product and methods. To that end I am pleased we have initiated two important clinical studies. We are also building awareness on TK 210 ELISA in the research and scientific customer segments.

Having just recently initiated the prospective studies for the clinical validation of our product. Results from these studies is to be expected by the end of 2018. We are also in the final phase of two studies that are close to completion and results are being analysed. According to our plan we will have some results ready towards the end of this year from the PROMIX study at the Karolinska hospital on breast cancer and from the UCAN study on hematologic cancer material from Uppsala Academic hospital.

We expect to introduce our product for research use only in the US market towards the end of this year. We are in close contact with clinical collaborating partners and distributors. The US market represents approximately 50% of the global in-vitro diagnostic market.

As announced on the 12th of august, we have just finalized an improvement on TK 210 ELISA that will increase the sensitivity in the low range. The results are excellent and will be presented in detail at ISOBM in Chicago on September the 4th. This improvement allows us to measure a significantly higher percentage of the healthy individuals with our test. This is important and improves the ability to better discriminate between healthy individuals and those with an elevated level of the biomarker TK 1 in the blood sample. In order to know this we will continue the clinical validation according to our plan so that we can provide guidelines and instructions to our clinicians how to interpret the test results.

Jan Stålemark

CEO

Essential risks

Financial risks
AroCell's business activities are based on external financing. To date, the company has been successful in obtaining financing, but there are no guarantees of this happening in the future in a way that is advantageous to the company's shareholders. A sufficiently serious failure in future financing may affect the company's development and market value.

Development and production risks
Development and transfer to production are always associated with risks. A product manufactured at production scale does not always display exactly the same characteristics as one manufactured at research scale. Developing future products may also prove to be more complicated and take longer than expected.

Commercialization risks
There is always a risk that the products AroCell has developed will not achieve the expected positive reception on the market and that the product will need longer to gain acceptance. Particularly in the early stages, the quantity of products sold may then be lower and the time it takes to establish the product on the market may be longer than the company allowed for in its sales estimates.

In addition, there are risks associated with patent security and how the market assesses studies, approvals and certifications. Taking risk factors into consideration in decision processes and when designing routines and drawing up documentation means that the risks are assessed and their effects can be minimised and, to some extent, avoided.

Accounting principles
The interim report has been prepared in accordance with “Årsredovisningslagen och Bokföringsnämndens allmänna råd, BFNAR 2012:1 Årsredovisning och koncernredovisning (K3)” and with the same accounting principles as in the company’s annual report 2015.

The share
AroCell AB (publ) was listed on the AktieTorget marketplace on 25 May 2011. From 30 June 2016 AroCell is listed on Nasdaq First North. At 30 June 2016, there were 28,674,506 shares (quota value SEK 0.10)

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Financial calendar

2016-08-25	Interim report no. 2 2016
2016-11-17	Interim report no. 3 2016
2017-02-16	Year-End report 2016

The interim report has not been reviewed by the company’s auditor.

Submission of interim report
Uppsala, 25 August 2016

The Board of Directors

Summary Income statement

(TSEK)	2016 Apr-Jun 3 mths	2015 Apr-Jun 3 mths	2016 Jan-Jun 9 mths	2015 Jan-Jun 9 mths	2015 Jan-Dec full year
Net sales	0	0	0	0	460
Operating expenses	-1,901	-1,638	-4,741	-4,033	-7,938
Depriciation of tangible fixed assets	-1	-2	-3	-4	-7
Operating loss	**-1,902**	**-1,640**	**-4,744**	**-4,037**	**-7,485**
Financial income	1	0	1	0	20
Financial expenses	-61	-4	-61	-9	-14
Loss after financial items	**-1,962**	**-1,644**	**-4,804**	**-4,046**	**-7,479**
Income taxes	-	-	-	-	-
Loss for the period	**-1,962**	**-1,644**	**-4,804**	**-4,046**	**-7,479**

Summary balance sheet

(TSEK)	2016 Jun 30	2015 Jun 30	2015 Dec 31
ASSETS			
Fixed assets			
Intangible assets	26,830	19,830	21,810
Tangible assets	11	17	14
Total fixed assets	**26,841**	**19,847**	**21,824**
Current asset			
Inventories	1,419	1,439	1,419
Other receivables	682	193	1,378
Cash and cash equivalents	42,181	12,624	49,702
Total current assets	**44,282**	**14,256**	**52,499**
Total assets	**71,123**	**34,103**	**74,323**
EQUITY AND LIABILITIES			
Share capital	2,867	2,346	2,867
Other contributed capital and reserves	69,824	33,374	77,303
Non-restricted equity	-4,804	-4,046	-7,479
Total equity	**67,887**	**31,674**	**72,691**
Long-term liabilities	0	50	0
Current liabilities	3,236	2,379	1,632
Total equity and liabilities	**71,123**	**34,103**	**74,323**

Summary cash flow statement

(TSEK)	2016 Apr-Jun 3 mths	2015 Apr-Jun 3 mths	2016 Jan-Jun 9 mths	2015 Jan-Jun 9 mths	2015 Jan-Dec full year
Cash flow from operating activities	-1,229	-530	-2,501	-3,793	-9,127
Cash flow from investing activities	-1,800	-1,862	-5,020	-1,996	-3,984
Cash flow from financing activities	0	-50	0	-100	44,300
Cash flow from the period	**-3,029**	**-2,442**	**-7,521**	**-5,889**	**31,189**
Cash and cash equivalents at beginning of period	45,210	15,066	49,702	18,513	18,513
Cash and cash equivalents at end of period	**42,181**	**12,624**	**42,181**	**12,624**	**49,702**

Share data

	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Earnings per share (SEK)			
Before dilution	-0.17	-0.17	0.31
After dilution	-0.17	-0.17	0.31
Average number of shares			
Before dilution	28,674,506	23,460,960	28,674,506
After dilution	28,674,506	23,460,960	28,674,506
Number of shares on balance sheet date			
Before dilution	28,674,506	23,460,960	23,797,318
After dilution	28,674,506	23,460,960	23,797,318

Change in equity (TSEK)

	Share capital	Development expenditure reserve	Other contributed capital	Retained earnings incl. loss for the year	Total equity
Opening balance 2016-01-01	**2,867**	**0**	**77,303**	**-7,479**	**72,691**
Provisions		**4,860**	**-4,860**		**0**
Allocation in accordance with resolution at AGM			-7,479	7,479	**0**
Loss for the period				-4,804	**-4,804**
Closing balance 2016-06-30	**2,867**	**4,860**	**64,964**	**-4,804**	**67,887**